102-07499 Nova Scotia Resource Recovery Fund Board Inc. :
Annual report
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CHAMPIONS ENVIRONMENT

ANNUAL REPORT | 2002

Message from the Chief Operating Officer

Fiscal 2002 was another year filled with extraordinary efforts by Nova Scotians whose actions and commitment to reduce waste will go a long way to sustain the province's environment and economy.

Nova Scotians are indeed "champions for the environment." Like any winning effort, each player contributes to the overall success of the team. Nova Scotians of all ages have a vital role to play in keeping our province clean and safe for future environmental leaders.

Every time someone picks up litter, recycles a bottle at an Enviro-Depot®, composts kitchen waste or places recyclables at the curb – they are making a valuable contribution to a cleaner environment.

Nova Scotians are diverting, from disposal, 50% of their waste through reducing, reusing, recycling and composting. More than one billion beverage containers and four million tires have been recycled and $37 million has been returned to Nova Scotia's municipalities.

This year's Annual Report showcases six people whose group or industry has gone above and beyond to champion the province's waste reduction efforts. These individuals reflect the determination and creativity of thousands of other dedicated Nova Scotians. We celebrate and thank each of them for their commitment.

RRFB Nova Scotia is also committed to protecting our environment. Each year, we strive to increase revenues and reduce costs to provide more financial assistance to municipalities and regions to help offset the costs of expanding their waste management programs. In fiscal 2002, we provided $7 million – or 75% of net revenues – to Nova Scotia's 55 municipalities for diversion credits and other funding such as Municipal Approved Programs, education contracts, household hazardous waste disposal, derelict vehicle removal and paint-swaps.

During fiscal 2002, RRFB Nova Scotia provided over $800,000 to eight private-sector projects to stimulate our economy and encourage value-added manufacturing of products that would otherwise go to landfill. We also marketed our own custom-designed software package called ROCAPS™ (Recovery Operations Collection And Payment System) to assist Newfoundland and Labrador to administer its Waste Management Strategy.

During the month of May, a ten-year stewardship agreement was signed between the Province of Nova Scotia and its eight daily newspapers. In addition, a stewardship agreement was signed with Nova Scotia's community newspapers. Together, they donate approximately $200,000 of in-kind advertising space to help RRFB Nova Scotia and the municipalities educate the public about environmental issues. This is the first agreement of its kind in Nova Scotia for the newspaper industry.

This year, RRFB Nova Scotia allocated $1.3 million to educate and inform residents of environmental issues. We conducted province-wide awareness campaigns to complement municipal education programs and initiatives.

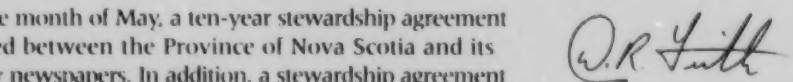
On February 28th, the Minister of Environment and Labour announced a new paint recycling program. The program – a partnership between the province and the paint industry – will allow residents to return leftover paint to any of the province's Enviro-Depots® at no charge. Nova Scotia's newest resource will be shipped to a facility in Springhill in the first phase of an operation that is expected to produce 350,000 litres of recycled paint annually.

In September, we celebrated the capture of the billionth beverage container since the inception of the Deposit-Refund Program in 1996. With 88 Enviro-Depots® throughout the province, we have made it convenient for residents to return redeemable beverage containers for recycling and a refund.

Overall, our collective efforts have produced impressive results. I am pleased to report on these and other major initiatives in the Resource Recovery Fund Board's sixth Annual Report for the fiscal year ended March 31, 2002.

We are appreciative of the support shown by the Minister of Environment and Labour in entering into a new ten-year operating agreement with RRFB Nova Scotia to continue to administer solid waste-resource management programs. We look forward to serving Nova Scotians and assisting in keeping our province beautiful for our future environmental champions.

On behalf of RRFB Nova Scotia, I extend my thanks to the municipalities for their continued support, to the Nova Scotia Department of Environment and Labour for its guidance, Enviro-Depot® owners for their commitment, our employees and all Nova Scotians for their championship efforts to create a waste-less future.



Derek R. Firth, CA

Chief Operating Officer

102-07499/

Mission

RRFB Nova Scotia is in business to be a commercially viable company providing responsible management for Nova Scotia's Solid Waste-Resource Management Strategy. Paramount will be our initiatives to protect the long-term environmental and economic good of Nova Scotia.

RRFB Nova Scotia is doing its part to help Nova Scotians manage waste by offering programs to help keep our environment clean. These include the Deposit/Refund System for Beverage Containers, the Used Tire Management Program and funding to assist Nova Scotia entrepreneurs in diverting materials from the waste stream to create new and innovative products – such as running track made from recycled tires and tableware from recycled glass bottles – which add to our economy.

Nova Scotia is a small province that is accomplishing great things.

Look at our achievements so far. In 2000, Nova Scotia became the first province in Canada to reach 50% waste diversion. Since 1996, we have recycled more than one billion beverage containers and four million tires. Today, we are reducing, reusing, recycling and composting half of the total waste we would have otherwise discarded in the past. As environmental champions, we have the power to do even more for our environment – and move beyond the 50% diversion goal.

Every year, Nova Scotia moves closer to a "waste-less" province. We now have nine municipal recycling operations and eighteen composting facilities. Today, there are only eighteen municipal disposal sites left in the province – a significant decrease from the hundreds of "dumps" in the 1970s. Furthermore, stricter landfill disposal guidelines will ensure greater environmental protection in the future.

On February 28, RRFB Nova Scotia held its Fourth Annual Solid Waste-Resource Awards in Halifax to honour those Nova Scotians that distinguished themselves as environmental champions.

Environmental Business of the Year	Stora Enso Port Hawkesbury
Environmental Institution of the Year	**Dartmouth General Hospital**
Innovation in Waste Management	David Harris, H & H Recovery Limited, Yarmouth
Waste Management Education	**ACAP-Cape Breton, Sydney**
Individual Excellence in Waste Management	Paul Arnold, Acadia University, Wolfville
Region of the Year	**Valley Waste-Resource Management Authority, Kentville**
Enviro-Depot® of the Year	P. J.'s Recycling Centre, Blockhouse
Registered Tire Retailer of the Year	**Canadian Tire, Cole Harbour**
School of the Year	Bayview Community School, Mahone Bay
Best Community-Based Environmental Project	**Dump and Run, Acadia University, Wolfville**
Environmental Volunteer of the Year	Richard Ward, Sydney

Mandate 1

Regional Waste Reduction Coordinator and Regional Chair, from Valley Waste Resource Management Authority in Kentville

Talk about Olympian efforts! Valley Waste Resource Management Authority's wide ranging environmental programs and services have consistently exceeded the 50% diversion rate for the past two years. What's more, the Valley Region is a model of cooperation between municipalities. They offer high quality programs to residents and businesses throughout the region. The area's two waste management centres are ideally located to allow businesses and the public to easily drop off materials such as recyclables, organics, scrap metals, household hazardous waste, ceramics and propane cylinders. In the past year, Valley Waste has opened new Household Hazardous Waste Depots at the region's two waste management centres located in Lawrencetown and Kentville. The group also started a program to help municipalities purchase and place source separation bins for "public waste" throughout the region's streets and parks. In recognition of its champion efforts, the Valley Waste Resource Management Authority won RRFB Nova Scotia's 2002 Solid Waste Resource Award for *Region of the Year*.

Fund Municipal or Regional Diversion Programs

Action Plan 2001 – 2002 Pay a minimum of 50 percent of net revenues to municipalities based on the waste they divert from disposal.

In fiscal 2002, RRFB Nova Scotia returned $7 million, or 75% of net revenues, to Nova Scotia's 55 municipalities for diversion credits and other additional funding such as Municipal Approved Programs, education contracts, household hazardous waste disposal, derelict vehicle removal and paint-swaps.

This year the municipalities again put this money to great use.

Region 1 Cape Breton

During fiscal 2002, environmental messages were stronger than ever over the airwaves of Cape Breton Region – inspiring residents to improve the quality of recyclables placed at the curb. In partnership with ACAP-Cape Breton, a play was created for schools based on the Cape Breton-published children's book, *Pattie Pitter, She Hates Litter.* To recognize their environmental efforts, one of Cape Breton Region's education partners, ACAP-Cape Breton, won RRFB Nova Scotia's 2002 *Waste Management Education* award. In order to further encourage the environmental efforts of residents, Cape Breton Region conducted a composter delivery and installation program and developed a detailed model of the composting process.

Region 2 Eastern

Pictou County celebrated the grand opening of its residential household hazardous waste facility in November 2001. This project was supported in part through Approved Program Funding from RRFB Nova Scotia. The Municipality of the District of Guysborough opened a windrow composting facility in January and now accepts organics, primarily from the industrial, commercial and institutional sector in the six surrounding municipalities.

Region 3 Northern

The Cumberland Central Compost Facility was officially opened during June 2001. The facility is currently accepting organics from the industrial, commercial and institutional sector and soon residential organic waste will be delivered to the compost plant. This project was supported by RRFB Nova Scotia through our Approved Program Funding for municipalities.

Region 4 Halifax Regional Municipality (HRM)

HRM, in partnership with RRFB Nova Scotia and the Federation of Canadian Municipality's Green Enabling Fund, implemented Compost Field Trials on several sport fields in HRM during 2002. The trials will proceed for two more growing seasons and will measure the many benefits of applying compost to sport fields – such as less demand for water, better resistance to pests, lower pesticide use and stronger grass root systems.

Region 5 Valley

The Valley Region continued as a model of innovation and cooperation. As a tribute to the quality of services offered by Valley Waste-Resource Management Authority and the positive working relationship experienced by the Authority's municipal partners, the Town of Hantsport joined the Authority on October 1st, 2001. The people of Hantsport have taken wholeheartedly to the new programs and the Town has been an enthusiastic new Authority member, having placed seven, "four-stream" public waste bins on the town streets within a month of joining the Authority.

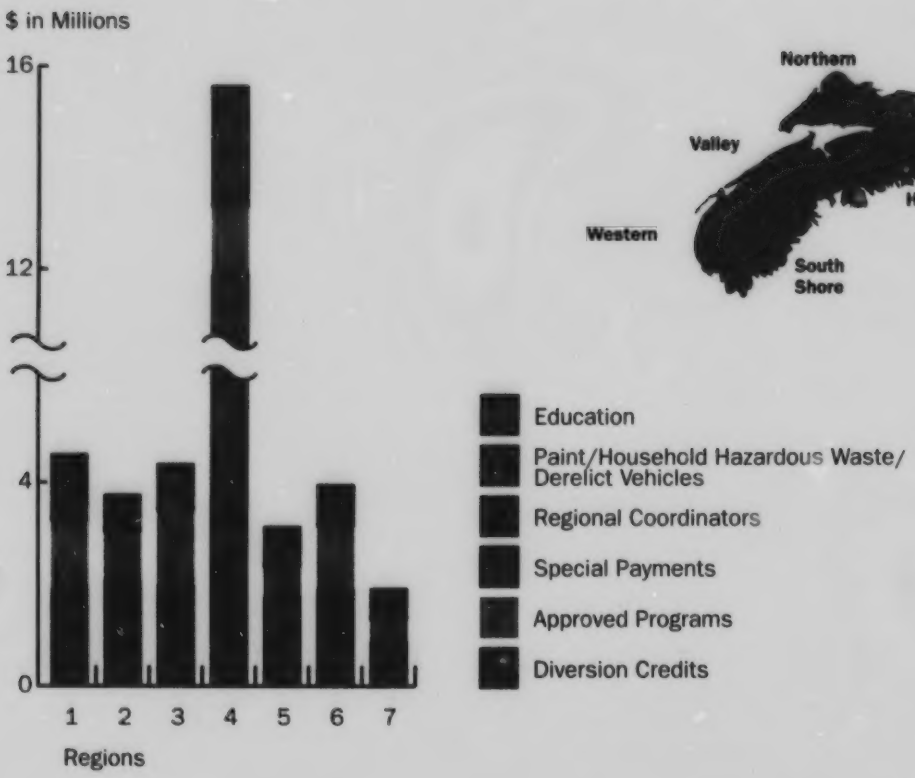
Compost is applied to sport fields in Halifax Regional Municipality as part of a special project to enhance soil quality.

Region 6 South Shore

South Shore Solid Waste Management's primary objective during fiscal 2002 was regional consolidation of its eleven municipal units. As part of this initiative, the Eco-Mom® program was developed. Eco-Mom® will provide leadership on environmental issues to residents and businesses in Region 6 and will be a guiding figure to school children. Still in the development stages, Eco-Mom® (Municipalities On the Move) will be launched in fiscal 2003.

Region 7 Western

During fiscal 2002, Waste Check, Western Region's waste management authority, increased environmental education initiatives – focusing on improved quality of residential curbside recycling. Campsite Environmental Inc., located in the Municipality of Clare, began a composting operation during October 2001. The facility composts approximately 5,000 metric tonnes annually and primarily processes dead stock, agricultural waste products and sawdust. In addition, the Clare landfill began segregating construction and demolition (C&D) materials for recycling in the fall of 2001. Both Region 7 landfills are currently separating C&D products.



Mandate 2

Nancy Wentzell P.J.'s Recycling Centre

Here's one Enviro-Depot® that goes above and beyond. P.J.'s Recycling Centre in Blockhouse, Nova Scotia mixes up a healthy dose of fun and education into its daily operations – with some winning results. ⊕ Owner Nancy Wentzell and her colleagues have developed creative ways to make the depot entertaining and inviting to the public. For instance, monthly draws are held for customers to win recycled products and other promotional giveaways. In addition, P.J.'s is currently developing a display to help educate the public on materials accepted by the depot. ⊕ P.J.'s public education programs have a practical side too. By encouraging customers to properly clean and sort recyclables, they ensure a high level of quality products in their operation. ⊕ To mark this community-based depot's outstanding efforts, P.J.'s Recycling Centre received the 2002 Solid Waste-Resource Award for *Enviro-Depot® of the Year.*

Develop and Operate a Deposit/Refund System for Beverage Containers

Action Plan 2001-2002

Develop an Enviro-Depot® "Operations Guide" to promote higher standards of operation.

Improve quality control practices for products collected through Enviro-Depots®.

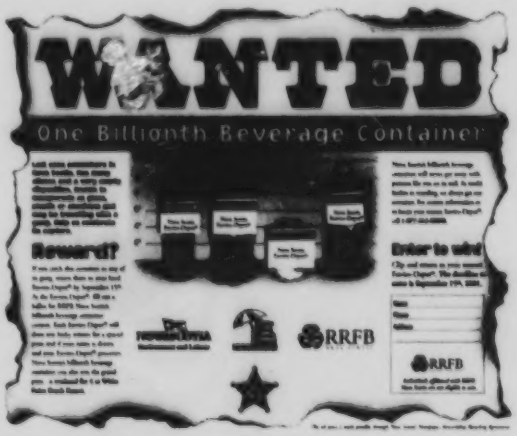
Six years ago our province made a commitment to create a cleaner Nova Scotia with the implementation of the *Solid Waste-Resource Management Strategy*. A key part of the *Strategy* is the Deposit-Refund System for Beverage Containers.

The Deposit-Refund System has been in operation and administered by RRFB Nova Scotia since April 1, 1996. On September 4, 2001, Aylesford's Beehive Adult Service Centre – and 1999 *Enviro-Depot® of the Year* – recycled the billionth beverage container in Nova Scotia.

It was RRFB Nova Scotia's custom-designed tracking system, called ROCAPS™, (Recovery Operations Collection And Payment System) that determined exactly where the one billionth container was recycled – it even identified that the container was PET plastic. "Capturing" the billionth container was a milestone in Nova Scotia's recycling history.

ROCAPS™ electronically tracks all materials that are recycled in Nova Scotia and is used to pay all vendors – such as Enviro-Depot® Operators, transportation companies and Regional Processing Centres – for handling recyclables. In fiscal 2002, RRFB Nova Scotia marketed the ROCAPS™ system to Newfoundland and Labrador to help that province administer its Waste Management Strategy.

In August, RRFB Nova Scotia, in partnership with the Nova Scotia Department of Environment and Labour, the Department of Tourism and Culture and Farnell Packaging, launched the first-ever Public Places Recycle Bag Pilot Project. The province's Visitor Information Centres distributed 200,000 litter and mini recycling bags for use in vehicles. The bags were targeted to tourists to help them recycle beverage containers while visiting Nova Scotia. The litter and recycling bags included messages that promoted the success of Nova Scotia's recycling programs and directed inquiries to RRFB Nova Scotia's Recycling Helpline.



RRFB Nova Scotia conducted the Billionth Beverage Container Contest to promote the return of the billionth beverage container. The contest brought in thousands of entries through the province's Enviro-Depots.®

Deposit/Refund Review:

- There are 88 Enviro-Depots® located throughout the province.
- In fiscal 2002, 235 million beverage containers were recycled in Nova Scotia. That's a return rate of 83%!
- RRFB Nova Scotia is working in cooperation with the Nova Scotia and Prince Edward Island Bottle Dealers and Recyclers Association and Oland Brewery to prepare Guidelines for Enviro-Depots® to improve depot standards and maintain consistent quality.
- The quality control operation for the Deposit/Refund Program was reorganized into one centralized, more effective operation in Colchester County.

Ten Gets You Five

Consumers pay a 10-cent deposit on each non-liquor container they buy, as well as on liquor beverage containers under 500 ml. A 5-cent refund is then given for each container brought back to an Enviro-Depot®. Liquor containers over 500 ml are subject to a 20-cent deposit and a 10-cent refund.

Mandate 3

Joanne Perrott Globe and Mail

It takes a lot of newsprint to bring Nova Scotians their morning news. In fact, approximately 20,000 tonnes of paper is used each year to produce the province's daily and weekly newspapers. (+) The newspaper industry recognizes its front-page role in championing Nova Scotia's environment. A ten-year newspaper stewardship agreement was signed between the province of Nova Scotia and the daily newspapers. In addition, a stewardship agreement was signed with Nova Scotia's community newspapers. Together, they donate approximately $200,000 of in-kind advertising space to help RRFB Nova Scotia and the municipalities educate the public about environmental issues.

Develop and Implement Voluntary Industry Stewardship Agreements

Action Plan 2001-2002 Pursue voluntary stewardship partnerships with industry that include either direct financial contributions or in-kind donations.

In fiscal 2002, RRFB Nova Scotia made notable progress in reaching voluntary stewardship agreements with industry. Working with the Department of Environment and Labour and the municipalities, we have secured even more industry involvement to further the success of Nova Scotia's *Solid Waste-Resource Management Strategy*.

On May 1, 2001, a ten-year stewardship agreement was signed between the province of Nova Scotia and its eight daily newspapers. In addition, a stewardship agreement was signed with Nova Scotia's community newspapers. Together, they donate approximately $200,000 of in-kind advertising space to help RRFB Nova Scotia and the municipalities educate the public about environmental issues. The advertising space helps to offset municipal collection costs associated with the recycling of post-consumer materials. This is the first agreement of its kind in Nova Scotia for the newspaper industry.

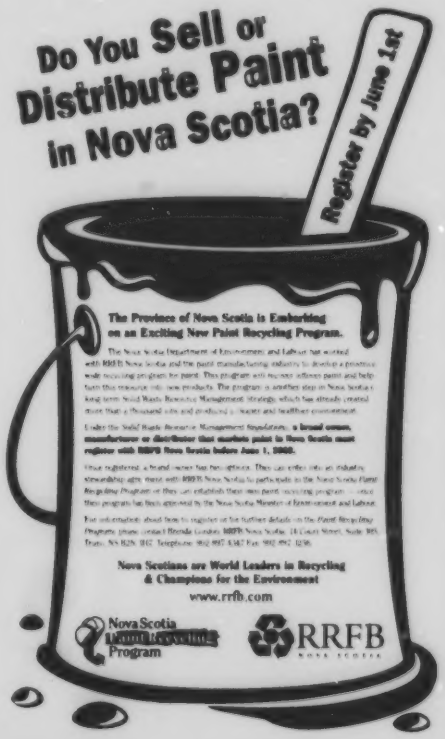
Nova Scotians purchase more than three million containers of paint every year – and nearly 25% of this paint is never used. On February 28, 2002, the Minister of Environment and Labour announced a new paint-recycling program that will turn leftover paint into new paint. The program – a partnership between the province and the paint industry – will allow residents to return leftover paint to any of the province's Enviro-Depots® at no charge. Nova Scotia's newest resource will be shipped to a facility in Springhill and the operation is expected to produce 350,000 litres of recycled paint annually.

Each year approximately 900,000 tires are collected through RRFB Nova Scotia's Used Tire Management Program. Used tires are regularly collected from the province's 900 registered tire retailers and municipal and private stockpiles to be recycled at a tire recycling facility in Kemptown, Nova Scotia. The tires are shredded, cryogenically frozen and then "crumbed" for shipment to market for manufacture into new rubber products.

Since January 1997, four million tires have been recycled in Nova Scotia. Here is how the program works. When new tires are purchased in Nova Scotia from a registered tire retailer, a $3 environmental fee per car tire – and $9 per truck tire over 17" – is charged to cover the costs associated with collecting, shredding and processing of the used tires.

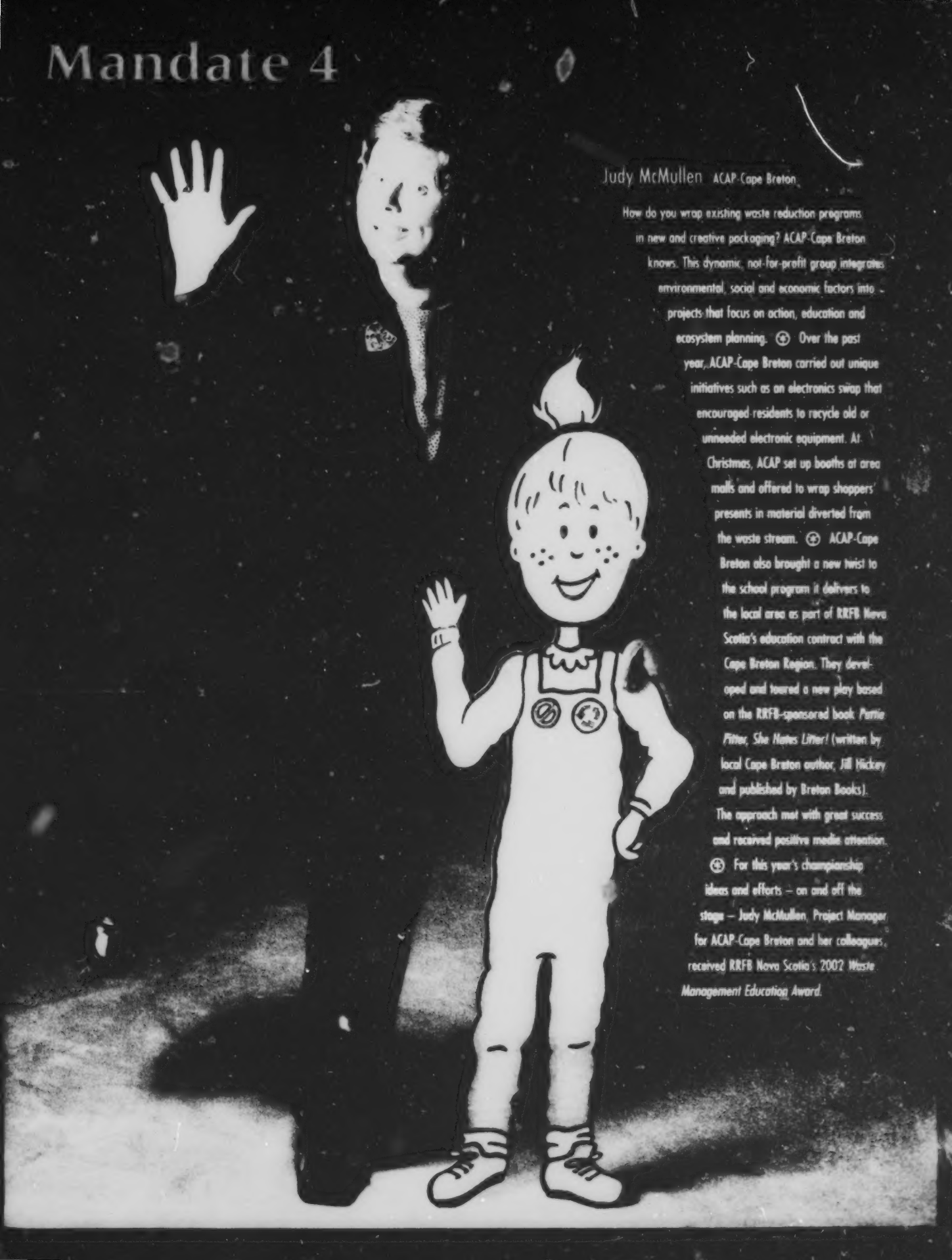
We congratulate industry groups such as beverage, sharps, dairy and newspaper that share responsibility for the recycling of the products they generate. For example, since the inception of the Safe Sharps Bring-Back Program in fiscal 2001, reported incidents of improperly disposed of sharps have decreased by approximately 70 percent.

RRFB Nova Scotia, the Department of Environment and Labour and the municipalities continue discussions toward voluntary stewardship agreements with industries such as fast food, oil and retail packaging.


Do You Sell or Distribute Paint in Nova Scotia?
Register by June 1st
The Province of Nova Scotia is Embarking on an Exciting New Paint Recycling Program.
Nova Scotians are World Leaders in Recycling & Champions for the Environment
www.rrfb.com
Nova Scotia Paint Recycling Program
RRFB

Newspaper ad introducing Nova Scotia's Paint Recycling Program.

Mandate 4



Judy McMullen ACAP-Cape Breton

How do you wrap existing waste reduction programs in new and creative packaging? ACAP-Cape Breton knows. This dynamic, not-for-profit group integrates environmental, social and economic factors into projects that focus on action, education and ecosystem planning. ⊕ Over the past year, ACAP-Cape Breton carried out unique initiatives such as an electronics swap that encouraged residents to recycle old or unneeded electronic equipment. At Christmas, ACAP set up booths at area malls and offered to wrap shoppers' presents in material diverted from the waste stream. ⊕ ACAP-Cape Breton also brought a new twist to the school program it delivers to the local area as part of RRFB Nova Scotia's education contract with the Cape Breton Region. They developed and toured a new play based on the RRFB-sponsored book *Pattie Pitter, She Hates Litter!* (written by local Cape Breton author, Jill Hickey and published by Breton Books). The approach met with great success and received positive media attention. ⊕ For this year's championship ideas and efforts – on and off the stage – Judy McMullen, Project Manager for ACAP-Cape Breton and her colleagues, received RRFB Nova Scotia's 2002 *Waste Management Education Award.*

Develop Education and Awareness of Source Reduction, Reuse, Recycling and Composting

Action Plan 2001-2002

Coordinate province-wide education and awareness campaigns to complement regional needs and initiatives.

Continue to promote and expand RRFB Nova Scotia's Recycling Helpline, 1-877-313-RRFB (7732) and website as environmental information resources.

Increase the role/identity of RRFB Nova Scotia in developing resources relating to source reduction, reuse, recycling and composting.

Maintain partnerships with the seven solid waste-resource management regions to educate Nova Scotians on a regional level including classroom presentations, IC&I visits and public events.

Education is the key to protecting the environment for our future environmental champions. Every year, RRFB Nova Scotia commits over $1.3 million to promote education and awareness of the 3Rs and composting. We work with educators from the province's seven waste management regions to make presentations at schools and events and to work with the industrial, commercial and institutional (IC&I) sector to help them improve their waste management practices.

To complement regional initiatives, RRFB Nova Scotia coordinates province-wide education campaigns that include the development of brochures, posters and other resources, multi-media advertising, a toll-free recycling helpline and a website. Popular resources generated during fiscal 2002 included *Creative Conservation*, a craft book filled with innovative ideas for common household waste materials; the *Event Greening Guide*, a guide to help festival organizers manage recyclables and other waste at public events; and signage to promote responsible waste and litter management in public places.

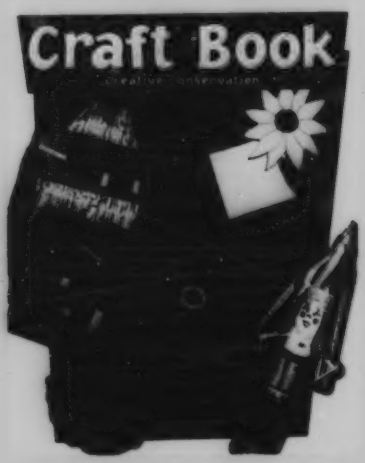
RRFB Nova Scotia began fiscal 2002 by unveiling a new logo. Our website (www.rrfb.com) received a makeover as well – delivering more comprehensive and up-to-date environmental information. RRFB Nova Scotia continued to promote the Recycling Helpline – 1-877-313-RRFB (7732) – to assist residents with provincial and municipal waste management programs and practices.

This year we reached out to smaller community groups throughout the province. The RRFB offered a new sponsorship program that provided assistance for waste diversion-focused projects and activities that included

the purchase of sorting containers for community events, litter cleanups and environmental resource materials for local libraries. We also provided publication assistance to municipalities to aid them in conveying messages about municipal waste management programs through the production of brochures, calendars and flyers.

RRFB Nova Scotia continued to work with partners that shared our goals. During fiscal 2002, we sponsored Clean Nova Scotia's *Great Nova Scotia Pick-Me-Up* and partnered with the Eco-Efficiency Centre for educational services targeting the IC&I sector. We also attended and sponsored a range of conferences and events for groups such as the Union of Nova Scotia Municipalities, the Association of Municipal Administrators, the Canadian Environmental Industry Association, the Atlantic Coastal Action Program and the Composting Council of Canada.

RRFB Nova Scotia renewed its partnerships with the Solid Waste-Resource Management Regions to educate and encourage Nova Scotians to participate in provincial and municipal environmental programs. For fiscal 2002, the regional education contracts were expanded to encompass a broader range of audiences and events. Among the seven regions, more than 1,200 presentations were made at schools and special community events in addition to over 300 visits to industrial, commercial and institutional organizations.



Nova Scotia Recycles Day

National Waste Reduction Week is held every year across Canada. As part of those annual festivities, Nova Scotians celebrate *Nova Scotia Recycles Day*. The *Nova Scotia Recycles Day* campaign was a big success with over 3,000 creative contest entries sent in from schools all over the province. Students from grades primary to twelve were invited to design stickers and postcards and to write media announcements and essays. A total of $21,000 in prizes were given away to schools, including seven scholarships in the amount of $1,000 to deserving grade twelve students.

The winning postcard design from the Cape Breton Region for the Nova Scotia Recycles Day contests.

Mandate 5

Pierre Landry · The Paint Recycling Company

Many of us view leftover paint as a nuisance and a storage problem. Not Pierre Landry. As an owner of The Paint Recycling Company (Preferred Environment Inc.) – one of a half-dozen companies in North America specializing in the recovery of unused paint – Landry sees leftover paint as a prime business opportunity. ☹ Since 1994, Landry's company has grown steadily. Its recycled paint, *Nature Colours* is on sale in hardware stores throughout Atlantic Canada. EERP Nova Scotia was pleased to support the Paint Recycling Company through its Value-Added Manufacturing Program. ☺ In fiscal 2002, The Paint Recycling Company was selected by the RRFB to collect and process leftover paint at a new facility in Springhill, Nova Scotia. The facility will create approximately 15 new jobs and support production of 350,000 litres of recycled paint each year. ☺ Together, Nova Scotians, the paint industry, government and entrepreneurs like Pierre Landry are championing value-added efforts in paint recycling.

Promote the Development of Value-Added Manufacturing in the Province

Action Plan 2001-2002

Provide funding to Nova Scotia entrepreneurs to encourage the creation of innovative products using solid waste as a resource.

Support new businesses by providing funding for research to develop local markets for waste resources in Nova Scotia.

Part of the success of Nova Scotia's *Solid Waste-Resource Management Strategy* is the manufacture of innovative products from materials that would otherwise be sent for disposal. We not only create new products, but new jobs that help stimulate our economy.

In fiscal 2002, RRFB Nova Scotia provided over $800,000 to eight private-sector projects, such as a fully accessible playground for children with disabilities made from recycled tires and a composting facility that will turn sludge from the pulp and paper industry and fish waste into high quality certified organic compost.

RRFB Nova Scotia also seeks out innovative solutions to help "close the waste loop" in Nova Scotia. We continue to work with Dalhousie University to determine the feasibility of using recycled glass as a filtration media in our water treatment plants. We have initiated a study by a leading structural engineer, who was involved in the construction of the Confederation Bridge, to evaluate the use of recycled rubber to decrease the weight of pre-cast concrete and to increase its sound absorption properties.

RRFB Nova Scotia also recognizes that some of our brightest minds are in our schools. We intend to build on our education initiatives and explore this potential by implementing a program in our schools to recognize outstanding achievement in the development of new uses for materials diverted from the waste stream.

We will continue to work with the Environmental Industries and Technologies group within the Department of Environment and Labour to develop, demonstrate and promote new technologies for the management of solid waste.

Our goal is to ensure that Nova Scotia receives the maximum economic benefits associated with the development of a vibrant environmental industries sector.

Great Expectations

RRFB Nova Scotia has great expectations for the year ahead.

We will continue to streamline operations in an effort to generate even greater revenues for municipalities to enable further development and expansion of waste management programs. Nova Scotians have already achieved 50% waste diversion. We take up the challenge to assist residents in surpassing the 50% diversion target and achieve even greater environmental excellence.

The convenience, consistency and standards of the province's Enviro-Depots® will be maintained, offering all Nova Scotians the opportunity to recycle. Seeking industry stewardship support to offset the costs associated with the recycling of post-consumer products will remain a priority in fiscal 2003.

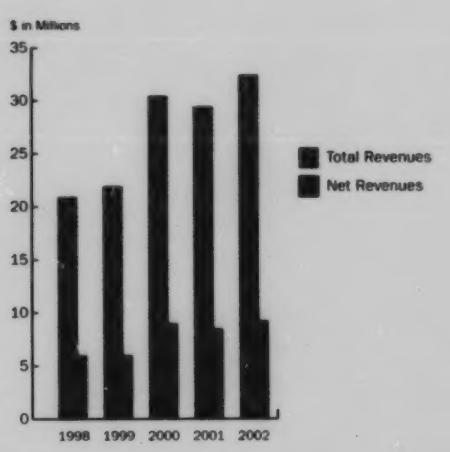
RRFB Nova Scotia will direct even more resources to increase awareness among Nova Scotians relating to environmental issues and programs. We look forward to working with existing partners and forming new relationships with organizations with common goals.

Our support of Nova Scotia entrepreneurs to divert waste from disposal and create innovative products and jobs from solid waste will be a primary focus in fiscal 2003. More funds will be allocated toward research in locating end markets for recyclables and developing new materials using solid waste as a resource.

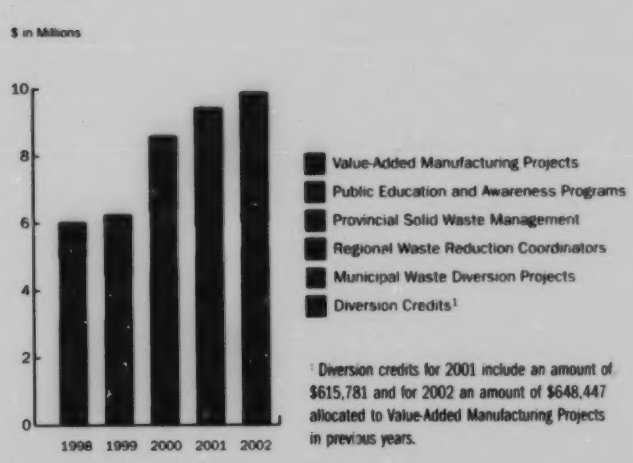
We will continue to support the government, the municipalities and the people of Nova Scotia in achieving even higher environmental standards. Together, our team of environmental champions can make a difference!

Financial Report

Operating Results



Distribution of Net Revenues



[1] Diversion credits for 2001 include an amount of $615,781 and for 2002 an amount of $648,447 allocated to Value-Added Manufacturing Projects in previous years.

Auditor's Report

To the Board of Directors of Resource Recovery Fund Board Inc.

We have audited the statement of financial position of Resource Recovery Fund Board Inc. as at March 31, 2002 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2002 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Truro, Nova Scotia

Grant Thornton LLP

May 15, 2002 Chartered Accountants

Statement of Financial Position

March 31	2002	2001
Assets		
Current		
Cash and cash equivalents	$ 12,687,844	$ 12,149,093
Receivables	3,089,938	2,486,693
Accrued interest receivable	18,143	47,839
Inventory	91,461	74,724
Prepaids	42,270	2,922
	15,929,656	14,761,271
Investment, at cost	7,000	7,000
Equipment (Note 3)	748,069	667,174
Organizational costs, net of accumulated amortization	31,749	47,990
	$ 16,716,474	$ 15,483,435
Liabilities		
Current		
Payables and accruals	$ 3,161,057	$ 2,830,077
Municipal solid waste diversion credits payable	5,319,008	5,071,031
Unearned revenue	3,502,400	3,155,100
	11,982,465	11,056,208
Net Assets		
Invested in capital assets	779,818	715,164
Invested in value-added manufacturing	7,000	7,000
Restricted for future projects	1,609,507	1,109,507
Restricted for approved programs	2,337,684	2,595,556
	4,734,009	4,427,227
	$ 16,716,474	$ 15,483,435

Commitments (Note 5) *See accompanying notes to the financial statements.*

On behalf of the Board

Darrell Hiltz, Director

Lloyd Matheson, Director

Statement of Changes in Net Assets

Year Ended March 31 Net Assets	Invested in Capital Assets	Invested in Value-Added Manufacturing
Balance, beginning of year	$ 715,164	$ 7,000
Excess of revenue over expenses	(188,285)	—
Investment in capital assets	252,939	—
	779,818	7,000
Internally imposed restrictions	—	—
Payments during the year		
Education and awareness	—	—
Regional co-ordinators	—	—
Approved programs	—	—
Nova Scotia Department of Environment and Labour	—	—
Allocation to Municipal solid waste diversion payable	—	—
Balance, end of year	$ 779,818	$ 7,000

See accompanying notes to the financial statements.

Statement of Operations

Year Ended March 31	2002	2001
Revenues		
Deposits		
Gross revenues from deposits	$ 28,965,713	$ 26,068,255
Less: Harmonized Sales Tax	(3,823,437)	(3,397,546)
	25,142,276	22,670,709
Sales of recyclable materials	3,493,840	3,790,780
Stewardship	150,328	802
Tire program	2,966,619	2,781,057
Total Revenues	31,753,063	29,243,348
Cost of Sales		
Inventory, beginning of year	74,724	101,116
Deposit refunds	10,703,163	9,822,750
Enviro-Depot® handling fees	6,447,877	5,923,382
Local cartage	818,734	911,893
Regional processing	808,456	754,705
Freight-in	119,235	79,971
Central processing expenses	422,377	408,245
Non-deposit materials	29,889	25,611
Used tires	2,240,283	1,725,393
Derelict vehicles	18,214	17,310
Paint/household hazardous waste	144,404	165,523
	21,827,356	19,935,899
Less inventory, end of year	91,461	74,724
	21,735,895	19,861,175
Gross margin	10,017,168	9,382,173
Administrative expenses	1,117,168	1,248,688
Operating income	8,900,000	8,133,485
(Decrease) increase in equity interest of an affiliated company	–	(43,786)
Interest and other income	505,776	595,042
Excess of revenues over expenses	$ 9,405,776	$ 8,684,741

See accompanying notes to the financial statements.

Restricted for Future Projects	Restricted for Approved Programs	Net Revenues	2002 Total	2001 Total
$ 1,109,507	$ 2,595,556	$ —	$ 4,427,227	$ 5,470,640
—	—	9,594,061	9,405,776	8,684,741
—	—	(252,939)	—	—
1,109,507	2,595,556	9,341,122	13,833,003	14,155,381
—	4,670,561	(4,670,561)	—	—
—	(1,176,237)	—	(1,176,237)	(1,097,925)
—	(230,528)	—	(230,528)	(226,770)
500,000	(2,587,556)	648,447	(1,439,109)	(2,797,428)
—	(934,112)	—	(934,112)	(535,000)
—	—	(5,319,008)	(5,319,008)	(5,071,031)
$ 1,609,507	$ 2,337,684	$ —	$ 4,734,009	$ 4,427,227

Statement of Financial Position

March 31	2002	2001
Assets		
Current		
Cash and cash equivalents	$ 12,687,844	$ 12,149,093
Receivables	3,089,938	2,486,693
Accrued interest receivable	18,143	47,839
Inventory	91,461	74,724
Prepaids	42,270	2,922
	15,929,656	14,761,271
Investment, at cost	7,000	7,000
Equipment (Note 3)	748,069	667,174
Organizational costs, net of accumulated amortization	31,749	47,990
	$ 16,716,474	$ 15,483,435
Liabilities		
Current		
Payables and accruals	$ 3,161,057	$ 2,830,077
Municipal solid waste diversion credits payable	5,319,008	5,071,031
Unearned revenue	3,502,400	3,155,100
	11,982,465	11,056,208
Net Assets		
Invested in capital assets	779,818	715,164
Invested in value-added manufacturing	7,000	7,000
Restricted for future projects	1,609,507	1,109,507
Restricted for approved programs	2,337,684	2,595,556
	4,734,009	4,427,227
	$ 16,716,474	$ 15,483,435

Commitments (Note 5) *See accompanying notes to the financial statements.*

On behalf of the Board

Darrell Hiltz, Director

Lloyd Matheson, Director

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Balance, beginning of year	$ 715,164	$ 7,000
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Investment in capital assets	252,939	—
	779,818	7,000
Internally imposed restrictions	—	—
Payments during the year		
Education and awareness	—	—
Regional co-ordinators	—	—
Approved programs	—	—
Nova Scotia Department of Environment and Labour	—	—
Allocation to Municipal solid waste diversion payable	—	—
Balance, end of year	$ 779,818	$ 7,000

See accompanying notes to the financial statements.

Statement of Operations

Year Ended March 31	2002	2001
Revenues		
Deposits		
Gross revenues from deposits	$ 28,965,713	$ 26,068,255
Less: Harmonized Sales Tax	(3,823,437)	(3,397,546)
	25,142,276	22,670,709
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Freight-in	119,235	79,971
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Non-deposit materials	29,889	25,611
Used tires	2,240,283	1,725,393
Derelict vehicles	18,214	17,310
Paint/household hazardous waste	144,404	165,523
	21,827,356	19,935,899
Less inventory, end of year	91,461	74,724
	21,735,895	19,861,175
Gross margin	10,017,168	9,382,173
Administrative expenses	1,117,168	1,248,688
Operating income	8,900,000	8,133,485
(Decrease) increase in equity interest of an affiliated company	–	(43,786)
Interest and other income	505,776	595,042
Excess of revenues over expenses	$ 9,405,776	$ 8,684,741

See accompanying notes to the financial statements.

Restricted for Future Projects	Restricted for Approved Programs	Net Revenues	2002 Total	2001 Total
$ 1,109,507	$ 2,595,556	$ —	$ 4,427,227	$ 5,470,640
—	—	9,594,061	9,405,776	8,684,741
—	—	(252,939)	—	—
1,109,507	2,595,556	9,341,122	13,833,003	14,155,381
—	4,670,561	(4,670,561)	—	—
—	(1,176,237)	—	(1,176,237)	(1,097,925)
—	(230,528)	—	(230,528)	(226,770)
500,000	(2,587,556)	648,447	(1,439,109)	(2,797,428)
—	(934,112)	—	(934,112)	(535,000)
—	—	(5,319,008)	(5,319,008)	(5,071,031)
$ 1,609,507	$ 2,337,684	$ —	$ 4,734,009	$ 4,427,227

Statement of Cash Flows

Year ended March 31	2002	2001
Increase (decrease) in cash and cash equivalents:		
Operating		
Excess of revenues over expenses	$ 9,405,776	$ 8,684,741
Decrease in equity interest of an affiliated company	—	43,786
Depreciation and amortization	218,073	372,801
(Gain) Loss on sale of equipment	(29,788)	2,887
	9,594,061	9,104,215
Change in non-cash operating working capital		
Receivables	(573,549)	47,649
Inventory	(16,737)	26,392
Prepaids	(39,348)	(2,922)
Payables and accruals	578,957	956,484
Unearned revenue	347,300	(20,400)
	9,890,684	10,111,418
Investing		
Proceeds from sale of equipment	63,676	—
Purchase of		
Equipment	(291,530)	(187,050)
Organizational costs	(25,085)	(6,664)
Investment – value-added manufacturing	—	253,400
	(252,939)	59,686
Allocation of net assets to:		
Municipal solid waste diversion	(5,319,008)	(5,071,031)
Approved programs	(3,779,986)	(4,657,123)
	(9,098,994)	(9,728,154)
Net increase in cash and cash equivalents	538,751	442,950
Cash and cash equivalents, beginning of year	12,149,093	11,706,143
Cash and cash equivalents, end of year	$ 12,687,844	$ 12,149,093

See accompanying notes to the financial statements.

Statement of Cash Flows

Year ended March 31	2002	2001
Increase (decrease) in cash and cash equivalents:		
Operating		
Excess of revenues over expenses	$ 9,405,776	$ 8,684,741
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Cash and cash equivalents, beginning of year	12,149,093	11,706,143
Cash and cash equivalents, end of year	$ 12,687,844	$ 12,149,093

See accompanying notes to the financial statements.

Notes to the Financial Statements

March 31, 2002

1. Nature of operations

The Resource Recovery Fund Board Inc. is a not-for-profit company established by the Nova Scotia government to manage a substantial portion of the Province's *Solid Waste-Resource Management Regulations*.

2. Summary of significant accounting policies

Depreciation

Rates and bases of depreciation applied to write-off the cost of equipment over their estimated lives are as follows:

Field equipment	20%, straight-line
Office and warehouse equipment	20%, straight-line
Computer hardware and software	33 1/3 %, straight-line
Containers	
Bags	33 1/3 %, straight-line
Tubs	10%, straight-line
Vehicles	33 1/3 %, straight-line

Inventory

Inventory is valued at the lower of cost and net realizable value.

Unearned revenue

Unearned revenue represents deposits received from distributors for beverage containers that have not been returned for redemption. Unearned revenue consists of deposits received in the last sixty (60) days adjusted by the current year return rate.

Organizational costs

Organizational costs for new programs are amortized on a straight-line basis over five years.

Income taxes

The company is exempt from income taxes under Section 149(l)(d) of the Canadian Income Tax Act.

Revenue recognition

Resource Recovery Fund Board Inc. follows the deferral method of accounting for revenue.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term investments with maturity dates of 90 days or less. Bank borrowings are considered to be financing activities.

Financial instruments

Financial instruments include cash and cash equivalents, accounts receivable, accrued interest receivable, an investment, payables and accruals and municipal solid waste diversion credits payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair market value of these financial instruments approximate their carrying values.

3. Equipment

	Cost	Accumulated Depreciation	2002 Net Book Value	2001 Net Book Value
Field equipment	$ 233,052	$ 83,297	$ 149,755	$ 60,512
Office and warehouse equipment	87,526	66,458	21,068	21,594
Leasehold improvements	12,407	4,183	8,224	7,292
Containers	922,155	478,133	444,022	486,947
Computer hardware and software	409,871	343,007	66,864	85,287
Vehicles	83,700	25,564	58,136	5,542
	$ 1,748,711	$ 1,000,642	$ 748,069	$ 667,174

4. Banking facilities

The company has an operating line of credit of $2,500,000, all of which is unused at March 31, 2002.

5. Commitments

The company has entered into agreements to lease office space and a warehouse. Minimum rent payable for the next five years on these leases are as follows:

2003	$ 99,088
2004	$ 99,088
2005	$ 99,088
2006	$ 96,164
2007	$ 10,067

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Board of Directors

Darrell Hiltz
Chairman & Member of the Executive Committee

Lloyd Matheson
Warden, Municipality of East Hants
Member of the Executive Committee

Dwight Whynot
Executive Vice-President
Minas Basin Pulp & Power Co. Ltd.
Member of the Executive Committee

Gerard MacLellan
Executive Director of Environmental Monitoring and Compliance Division, Nova Scotia Department of Environment and Labour
Member of the Executive Committee

Mike Blanchard
President, Blanchard's Grocery Stores Ltd.
(Retired)

Dan Wurster
Senior Occupational Hygienist
Jacques Whitford

Bryan Smith
Chair, Western Region
L.G. Trask Insurance Ltd.

John O'Donnell
President and CEO
Copol International

Jennifer Corson, M. Arch.
President
Renovator's Resource Inc.

Joann Perrott
Regional Circulation Sales Manager, Eastern Canada
The Globe and Mail

Code of Conduct Compliance

The Resource Recovery Fund Board Inc.'s (RRFB) Board of Directors and management have reviewed the Company's Code of Conduct and are satisfied that the Board of Directors' approach to corporate governance is consistent with the Code.

Creative, Design & Electronic Production: Allura Communications Ltd.
Principal Photography: Marvin Moore
Printing: Bounty Print Ltd., Halifax NS